



Office of Finance and Budget Administration

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City and County of Butte-Silver Bow
Council of Commissioners
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September 17, 2008

The 2008-2009 annual budget for the City and County of Butte-Silver Bow is hereby submitted. This report includes all funds and accounts for the government for which a budget and an appropriation have been prepared. To the best of our knowledge and belief, the enclosed data are accurate in all material respects.

For the fourth consecutive year, Butte-Silver Bow experienced an increased mill value. At \$49,824 the mill value is approaching the \$50,000 level, a level that has not been reached since fiscal 2000. Once again, Montana Resources (MR) successful mining operation played an important factor in the increase. The future for MR remains upbeat, as world markets for copper and molybdenum continue to be strong.

The realty sector of the community remains strong as homes, investment properties, and commercial properties are moving at a steady pace. The Butte-Silver Bow Planning Department reports that new housing starts in the urban corridor continue to trend upwards. Local optimism is apparent as various developers continue to establish new subdivisions. These subdivisions have added a substantial number of new housing lots on the lower West Side, the East Side, and South Butte.

“Butte is open for business!” remains a central theme of the Paul Babb administration. Continuing expansion in the business community demonstrates this is not just a catch-phrase, it is truly a reality. Establishments spanning a broad spectrum of business sectors have recently completed construction of new facilities in Butte-Silver Bow. These include The Montana Club, UDAP Pepper Spray, Mountain West Federal Credit Union and the Farris Apartments.

In uptown Butte, the URA (Urban Revitalization Agency) has partnered with several businesses to enhance and renovate historic buildings through a combination of grants and loans. Current renovations are underway at the Sears Building, the Miners Bank (Phoenix Building), the Leonard Hotel, the Kelly Block, and the Acoma. New construction is almost complete on the new Gilder House, a partnership with Western Montana Mental Health Center. AFFCO recently completed an addition to their facility located in the Kelly Mine Yard. Metals Sports Bar & Grill enjoyed a successful opening in the recently refurbished, historic Metals Bank Building located at the corner of Park and Main.

The URA continues to partner with the School District to complete upgrades to Naranche Stadium including the installation of stadium seating for 1900 spectators. The sidewalk replacement program continues through partnerships with private property owners.

A major undertaking in the URA district is the renovation and new construction on the Butte-Silver Bow Archives. This \$7.5 million, voter approved project recently broke ground

and is now underway. The initial bond issue of \$4.5 million occurred in July. This issue was boosted by favorable market interest rates and an “A+” underlying bond rating. This was the first time Butte-Silver Bow has obtained an independent bond rating for a general obligation bond. This resulted in a municipal bond rating of “AAA” for this issue, saving the taxpayers approximately \$340,000 in interest as compared to the rates used when the voters approved the bond.

The East Butte Renovation and Rehabilitation Agency (RRA) experienced another year of remarkable growth, as a drive down East Park Street will confirm. The RRA was able to partner in three small projects including; the Helsinki Yacht Club, 445 E. Park, and 108 S. Arizona. In addition to Water and Environmental Technologies (WET), Big Bear Repair, and REO Business Condos; Community, Counseling and Correctional Services Inc. (CCCS) completed construction on a new corporate headquarters facility. Mountain West Federal Credit Union, recently built on East Park Street, is now open for business. Dr. Peggy Cheman-Lowney, Dentist, and the Craftsman’s Corner have also started constructing new buildings in the RRA.

In downtown Butte, the old Safeway Distribution Center has completed over \$800,000 in improvements and is the new home of Thompson Distributing. Eight other companies are housed in the 237,000 square foot building, now re-named the Montana Freeport Center. The Montana Club completed new construction of a lodge-style restaurant on Harrison Avenue, employing over 50 people. Developer Randy Farris completed a \$1.4 million upscale apartment complex off Wynne Avenue. Toyota of Butte has started construction on a new facility on south Harrison. Construction is also underway for new commercial developments including Starbucks and Aaron’s.

In the Port of Montana Business Development District, REC Silicon recently completed a \$50 million expansion and upgrade of its silane gas plant. REC is the world’s largest dedicated producer of silicon materials for photovoltaic applications. SeaCast, Inc., in conjunction with Butte-Silver Bow, has broke ground on Phase II of a \$5.5 million project that is projected to provide 80 - 100 new jobs in the foundry and casting business. The Phase II construction will include a titanium component that positions SeaCast in an elite group as one of only a handful of titanium foundries in the nation. Additionally, Bell Mont Properties are currently constructing a \$1.8 million distribution center for Old Dominion Trucking in the Port of Montana Business Development District. When complete the center will boast twenty four cross-dock bays and employ 20-25 people. Local officials are also nearing completion on obtaining General Purpose Foreign Trade Zone (FTZ) status for Butte-Silver Bow. FTZ status will greatly benefit current and future companies in the district as well as companies located outside the district.

Butte-Silver Bow garnered national recognition by being awarded the host site of the National Folk Festival for the years 2008 – 2010. This is the first time the Festival has been held in Montana and was considered an outstanding success. This cultural event reinforces Butte’s status as a city of festivals, joining Evel Knievel Days, An Ri Ra Montana Irish Festival and, of course, Butte’s famous St. Patrick’s Day celebrations.

As part of an on-going campaign to beautify our city, staff and administration have come together in a joint effort with community members to establish a uniform and comprehensive evaluation method to address surplus, county-owned properties. This successful community enrichment effort has seen a number of targeted properties transferred

to private ownership. A good number of structures are now being renovated and returned to the tax roles. Previously vacant properties are being developed. These improvements have all been accomplished while balancing community development with a strong and continuing commitment to historic preservation.

The property tax mill levy has been set at 296.66 mills, which includes .15 mills for debt service on the general obligation bond issue for renovation of the Butte-Silver Bow Civic Center, 14.25 mills for debt service on the general obligation bond issue for the Law Enforcement Agency administration building renovation/detention facility construction, 2.17 mills for debt service on the general obligation bond issue for the purchase of a new aerial ladder truck, 1.85 mills for debt service on the general obligation bond issue for the Archives building renovation and expansion project and 8.55 mills for the Damages and Judgment fund.

Remarkably, Butte-Silver Bow was able to add positions, implement an employee compensation adjustment, appropriate funds for significant building repairs, and still decrease taxes. As in previous years, a substantial share of increase in the FY 08–09 budgets is due to an increase in wages for all employees and a \$30.00 per month increase in employer provided benefits, generally intended to help defray the cost of health insurance premiums. For non-union employees and fire fighters, BSB began the first of a three year compensation adjustment intended to bring these government employees to the mid-point of an established market wage rate. Additionally, funds were appropriated from non-tax cash reserves for extensive repair and rehabilitation of the elevators in the courthouse as well as energy retrofits in various government buildings. All positions funded in the FY 07-08 budget were funded in the FY 08-09 budget. The Council of Commissioners voted to approve seven new positions in Butte-Silver Bow, as well. These include three positions in the Road Department, a clerical position in the Justice Courts, a Personnel Analyst, a half-time clerical position in County Extension and a half-time position in the Finance and Budget Department.

The financial position of the City-County as represented by this budget is sound and this budget should preserve that condition for FY 08-09. Budgeted reserves in the tax-supported funds remain strong. Basic levels of service delivery have been maintained and, as noted above, there have been several increases in staffing.

I want to express my sincere thanks to all those who helped assemble and balance this budget. This includes Chief Executive Babb, Department Heads and Elected Officials, the Council of Commissioners, the entire Finance and Budget Office staff and particularly Steve Descharme, Budget Analyst and database administrator extraordinaire.

It is with a continued spirit of optimism that Butte looks to the future. The “can do” attitude of our great citizens serves us well as we move forward. Make no mistake, Butte is open for business; and together, we will build a better Butte!

Sincerely,

Jeff Amerman
Finance and Budget Director